

## Message Text

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71

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 ( ISO ) W

----- 111916

R 241925Z AUG 76

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 4486

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EO 11652 NA

TAGS: EFIN

SUBJ: GOV BEGINS BORROWING FOR FIFTH NATIONAL PLAN

1. ACCORDING TO LOCAL PRIVATE BANKING SOURCES, THE GOV HAS ENTERED THE FIRST STAGE OF A DEBT CONSOLIDATION-DEVELOPMENT FINANCING SCHEME GEARED TO THE FIFTH NATIONAL PLAN. THE SCHEME ENVISAGES BORROWING ONE BILLION DOLLARS AS A FIRST TRANCHE WITH MORE TO FOLLOW; POSSIBLY UP TO FIVE BILLION DOLLARS TOTAL

2. THE CARACAS REPRESENTATIVE OF LLOYDS OF CALIFORNIA INFORMS THAT ON AUG 17 LOCAL REPRESENTATIVES OF FOREIGN BANKING HOUSES WERE HANDED A SIMPLE NOTICE STATING THAT THE GOV WOULD BE BORROWING ONE BILLION DOLLARS. FOREIGN BANKS WERE INVITED TO MAKE PROPOSALS TO THE CENTRAL BANK INDICATING HOW MUCH OF THE TOTAL THEY WISHED TO LEND, AS WELL AS THE TERMS OF LENDING.

3. THE GOV HAS STIPULATED THAT THE RATE OF INTEREST FOR THIS ENORMOUS TRANSACTION IS TO BE THE LONDON INTERBANK OFFERED RATE (LIBOR) WITH ADJUSTMENTS EVERY THREE MONTHS.

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4. COMMENT- WHILE LOCAL FOREIGN BANKING REPS DO NOT SEE

ANY PROBLEM IN THE GOV BORROWING THIS FIRST TRANCHE,  
THEY WERE A BIT SURPRISED AT THE AMATEURISH AND SOMEWHAT  
IMPERIOUS MANNER IN WHICH THE TRANSACTION WAS  
INITIATED. ACCORDING TO ONE LOCAL BANKER, THE STIPULATION  
CALLING FOR THE (LIBOR) RATE WITH QUARTERLY  
ADJUSTMENTS WILL BE AN ADMINISTRATIVE HEADACHE FOR THE  
LENDERS.  
VAKY

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FINANCIAL STABILITY, DEVELOPMENT LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 AUG 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** coburnhl  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976CARACA10214  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760324-0037  
**From:** CARACAS  
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**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** coburnhl  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 24 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <24 MAY 2004 by BoyleJA>; APPROVED <08 SEP 2004 by coburnhl>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GOV BEGINS BORROWING FOR FIFTH NATIONAL PLAN  
**TAGS:** EFIN, VE  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006